

# JFMIP NEWS

A Newsletter for Government Financial Managers

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## Federal Financial Management Report 2002 Issued

The Office of Management and Budget (OMB) and the Chief Financial Officers (CFO) Council recently issued the *Federal Financial Management Report 2002*. This report describes the financial performance challenges facing the Federal government, chronicles efforts during the past year to resolve issues and outlines strategies for future improvement.

In the *President's Management Agenda*, President Bush stated that: "Government should be results-oriented - guided not by process but guided by performance." The Administration believes that Americans should be able to compare performance and cost across programs to ensure the effective and efficient operation of Federal government. Such comparison requires transparency over the government's finance - having timely and reliable financial information on a regular, recurring basis and using that information to make informed decisions about agency or program management. The *President's Management Agenda* has five government-wide initiatives:

- Strategic management of human capital
- Competitive sourcing
- Improved financial performance
- Expanded E-government
- Budget and performance integration.

The President's emphasis on performance and accountability has energized the CFO Council as well. Rather than pursue an array of financial performance initiatives, the Council has



*Federal Financial Management Report 2002.*

restructured its committees to address the glaring problems identified by the five government-wide areas in the *President's Management Agenda*. The Council is working closely with the other interagency Councils to resolve crosscutting issues and further the President's initiatives.

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## Exposure Draft on Non-Income Tax Revenue System Requirements Released

JFMIP recently released the Exposure Draft (ED) of the Non-Income Tax Revenue Systems Requirements. Comments on this ED document are due September 13, 2002. A task force led by Jo Ellen Cohen, Acting Chief Financial Officer (CFO) and Assistant Commissioner for U.S. Customs Service, Department of the Treasury, developed the

document. The task force included representatives from 21 Federal agencies.

This document clarifies the scope and coverage of the requirements by narrowing the usage of the concept of "revenue". There are over 40 distinct revenue systems that exist in a dozen Federal agencies. While some agencies collect relatively small amounts of non-income tax revenue, others collect large quantities and primarily operate on the revenue their programs generate. In Statement of Federal Financial Accounting Standard #7, paragraph 2, the Federal Accounting Standard Advisory Board defines revenues

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## A Joint Perspective

### The Power of Senior Leadership Commitment

The summer of 2002 marks interesting milestones. In August 2001 President George W. Bush issued the President's Management Agenda, which provides the President's strategy for improving the management and performance of the Federal Government. It identified five cross cutting goals and nine agency specific goals. The cross cutting goals—strategic management of human capital, competitive sourcing, improved financial performance, budget and performance integration, and expanded e-government have dominated the management agenda of most Federal agencies during the last year. The President's Management Council established subcommittees to consider human capital/workforce management, e-government, and budget performance integration issues.

August 13<sup>th</sup> also marks the one-year anniversary since the JFMIP Principals began quarterly meetings to address financial and management improvement at the highest levels of leadership. Prior to that date, the JFMIP Principals had not met as a group for more than a decade. The JFMIP Principals—Comptroller General David M. Walker, Treasury Secretary Paul H. O'Neill, OMB Director Mitchell E. Daniels, and OPM Director Kay Coles James each have broad responsibilities in the specific organization they lead. David M. Walker, as Comptroller General, serves under the Legislative Branch. Other JFMIP Principals are Executive Branch members appointed by the President. However, their collaborative engagement and leadership in the JFMIP Principals forum signals common purpose and commitment to action. A joined leadership in making decisions and undertaking strategic activities reinforces the effectiveness of others, including the CFO



Karen Cleary Alderman  
Executive Director, JFMIP

Council, in making progress and greatly enhances the chances of success of the President's Management Agenda goal of improved financial performance.

Over the last year JFMIP Principals have addressed strategic issues that might be categorized in four major areas: 1) defining financial management success; 2) enhancing independent institutions critical to success; 3) removing impediments to success; and 4) promoting shared capacity to cost-effectively promote success. This one-year anniversary provides an opportunity to examine the impact of the JFMIP Principals to engage and advance a management action.

### Defining Financial Management Success

The President's Management Agenda articulates improved financial management the initiative in terms of reducing erroneous payments and improving accountability through audit financial reports and financial systems that routinely produce information that is timely, useful, and reliable. The criterion for measuring success for financial management was a topic of early discussion by the JFMIP Principals. The agreement was that success in financial management should be viewed more broadly than unqualified opinions on financial statements, particularly when achieved months after the close of a fiscal year and at great expense. The consensus was that financial management success is achieved when managers have timely, accurate, and useful financial and operational information for making operating decisions day to day. The Principals endorsed broadening the criteria for success beyond producing auditable financial statements to maintaining financial systems, processes, and controls that produce management information for decision making, including expanding and accelerating financial statement reporting, on a timely basis. The concept of success defined the customer for financial information more broadly. The Executive Management Scorecard, issued by OMB in October 2001 reflects this broader measure of success. It is now used to assess agency

status and progress in achieving the improving financial management goal.

### Enhancing Independent Institutions Critical to Success

Two decisions by the JFMIP Principals address the issues of (1) the independence of the accounting standard setting body and (2) the availability of independent oversight advice to agency heads. The decision to enhance the independence of the accounting standard setting body pertained to the composition of the Federal Accounting Standards Advisory Board (FASAB). When the FASAB received recognition in 1999 from the American Institute of Certified Public Accountants (AICPA) as the authoritative standard setter for general accepted accounting principles (GAAP) in the federal environment, it was noted that the composition of the nine-member board included six full time federal employees. The agreement reached by the JFMIP Principals was that there should be a super-majority of independent members—members who would not be responsible for implementing or auditing against the standards. Therefore, they increased the number of non-federal members to six and decreased federal membership to three. The change in the composition of the board was effective June 30, 2002.

A second decision was the establishment of independent institutions to assist agency heads in fulfilling oversight responsibility by reviewing and providing advice and counsel on significant activities and opportunities related to financial management and performance including financial reporting and auditing. The JFMIP Principals endorsed the concept of audit committees for Federal agencies and set a process in motion to identify and address the many issues that would have to be resolved in order to operationalize the concept. By the end of FY 2002, the Federal government will commence a government-wide advisory committee composed of independently recognized leaders appointed jointly by the Secretary of the Treasury and the Director

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## Graduation of Chief Financial Officers Council Fellows Class of 2002

The Chief Financial Officers (CFO) Council held its 2002 class graduation on May 24, 2002 at the White House Conference Center in Washington, DC. At the graduation ceremony, remarks were made by Angela Antonelli, CFO, Department of Housing and Urban Development and Chair, Human Capital Committee of the CFO Council; Dr. Jerry Ice, Director, Graduate School, US Department of Agriculture (USDA); Mark Everson, Controller, Office of Management and Budget (OMB), and Acting Chair, CFO Council; De Ritchie, then Acting Deputy CFO, Department of Defense (DoD) now Deputy, Department of Housing and Urban Development (HUD); and a class representative, Madonna Radcliff.

The five members of the graduating class of 2002 are: Juan Camacho, David Cauthon, Janilyn Johnston, Paul McEnrue and Madonna Radcliff.

Mr. Camacho is a staff accountant at the Defense Finance and Accounting Service, Indianapolis Operating Forces. His rotational assignments allowed him to gain knowledge on how financial statement accounting standards are developed and promulgated. He worked at OMB, Department of Treasury, Federal Accounting Standard Advisory Board, and Office of Secretary, DoD, where he worked on analyzing OMB's form and content requirements and providing comments, analyzing financial statements and preparing reports on various disclosure and financial management issues.

Mr. Cauthon is a systems accountant with the Office of Personnel Management in Washington, DC. He also had rotational assignments at four different entities throughout the year. They were at the Joint Financial Management Improvement Program, OMB, DoD, and Treasury's Financial Management Service. He worked on a variety of projects including federal financial system testing, assisting in the development of the federal agency management scorecard, DoD's system architecture and business re-engineering, and the development of a training and certification program for project managers.

Ms. Johnston is a budget analyst at the Defense Contract Management Agency in




*Joe Kull, Deputy Controller, OMB; Juan Camacho, Madonna Radcliff; Paul McEnrue; Janilyn Johnston; David Cauthon, and Angela Antonelli, CFO, HUD.*

Springfield, Virginia. Her rotational assignments at the Office of the Secretary, DoD and at OMB broadened her knowledge on many financial management issues with primary concentration on how financial statement policies and accounting standards are developed and promulgated. At DoD, she worked on the preparation of the Department's financial statements and prepared an analysis of the balance sheet. She also provided information for the update of the President's Management Agenda scorecard.

Mr. McEnrue is a lead accountant with the Department of Commerce, Office of Financial Management. He worked on the Financial Management Systems Migration Project at the Department of the Interior. This project involves team members from all of Interior's bureaus and the critical financial management functional areas that will have systems replaced under the project, including, core financial, budget, acquisition, travel, property and financial assistance and enterprise information management systems. He assisted in the

initial draft of a concept of operations for the new system environment and analysis of travel management software products.

Ms. Radcliff is a senior financial analyst at the Bonneville Power Administration and works in the Transmission Business Line located in Vancouver, Washington. Her primary project is implementing business strategy, economic analysis, risk assessment for the Transmission Business Line annual \$230 billion capital investment program. This includes leading the financial effort for evaluating private sector partnerships for Bonneville's infrastructure investments. She participated in the U.S. Energy Association's South Asian Regional Energy Transmission Partnership as an advisor and conference presenter on tariff setting and capital investment for regional energy development. Ms. Radcliff worked with the Department of Energy's working capital fund by developing its five-year business plan and applying the balanced scorecard methodology.

Congratulations to the CFO Fellows Class of 2002! 



## New CFO Council Members

The U.S. Chief Financial Officers (CFO) Council recently welcomed some new members to the Council—Thomas A. “Tom” Dumaresq, CFO, Small Business Administration (SBA), and De Ritchie, Deputy CFO, Department of Housing and Urban Development (HUD).



*Tom Dumaresq*

SBA Administrator Barreto appointed **Tom Dumaresq** as the CFO in March 2002. He has a long history of service with SBA in both field and headquarters offices. Since 1991, he has served as Associate Administrator for Administration and most recently, prior to becoming CFO, as Acting Associate Deputy Administrator for Management and Administration. He came to the SBA Washington Headquarters from the SBA New York Regional Office where he served as the Assistant Regional Administrator for Procurement Assistance from 1987 to 1991. He has been with SBA since 1977. Mr. Dumaresq served in the US Army from 1972 to 1974. He has a BA in Economics from Syracuse University and an MBA from Hofstra University.

**De W. Ritchie** recently became the Deputy CFO at HUD in June 2002. Prior to that, he was the Acting Deputy CFO at the Department of Defense. Mr. Ritchie also was Director for Accounting Policy in the Office of the Under Secretary of Defense (Comptroller)/CFO. Prior to this position, he held positions at the Defense Finance and Accounting Service-Washington Center, the Navy Accounting and Finance Center, Office of the Navy Comptroller and at the Naval Supply Center, Norfolk, Virginia. He holds a BS in Business Administration with a major of accounting from Old Dominion University, Norfolk, VA, and a Masters of Public Administration from American University. Mr. Ritchie is a member of the American Society of Military Comptrollers and the Association of Government Accountants and is a Certified Government Financial Manager and Certified Defense Financial Manager. □



*De W. Ritchie*

## Developmental Assignments at JFMIP

The JFMIP plays a significant role in expanding the competencies of future federal managers by providing developmental assignments through the Executive Potential Program (EPP) and Executive Leadership Program (ELP). The EPP Program is a yearlong competency-based leadership program designed for high-potential GS 13-15 employees to develop into more effective leaders. The ELP is a management development program for individuals at the GS 11-13 levels. Both programs are coordinated through the Graduate School, United State Department of Agriculture (USDA).

**Thuy L. Nguyen** was on a 60-day development assignment in June and July, with the ELP Program at the JFMIP, where she works on the Federal financial human capital study with emphasis in the entry-level intern program for financial managers. A graduate from the University of Delaware in 1978 with a Master's degree in Chemistry, Ms. Nguyen spent ten years in the Research and Development division of Sun Company in Marcus Hook, PA, and then nine years managing the daily operation of an EPA contract analytical laboratory in Columbia MD. Currently a chemist at the Environmental Protection Agency, Office of Pesticides Program located in Crystal City, VA, Ms. Nguyen's major responsibilities are to review laboratory data submitted by the chemical companies for the registration and re-registration of the pesticides for agricultural uses. She also performs the risk assessment and risk characterization of pesticides on human health and their effect on ecological exposure.

**Jonpaul Thomasseau** was on a 60-day development assignment in June and July with the ELP Program at the JFMIP, where he works on the Federal financial human capital study with emphasis in the mid-level career development program for financial managers. During his assignment with JFMIP, he developed a survey questionnaire, performed interviews and attended meetings with the CFO Council and JFMIP Steering Committees. The experience helped him gain a broad insight and experience in financial management and human resources in the Federal government.

Jonpaul holds a Bachelors of Architecture degree from The University of Oregon, Oregon. He has professional Architectural licenses in Washington State, New Jersey, New York, and certification with The National Council of Architectural Registration Boards (NCARB). He joined the Department of Defense (DOD) in 1997 with the Public Works Engineering Department located on the Naval Air Engineering Station, Lakehurst, New Jersey. Prior to working for the Navy, he had 14 years professional experience and was a partner in Architectural Concepts P.S. with offices in Washington State and New Jersey.

**Gail McFadden-Roberts** is a Community Planner in the Philadelphia regional office of the Federal Transit Administration (FTA). She joined JFMIP during the month of June to complete a 60-day assignment as an EPP participant. She is working with the project to update the framework for federal financial management systems.

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## FINANCIAL MANAGEMENT PROFILE

**E**dward (Ted) McPherson was sworn in as the Chief Financial Officer (CFO) of the United States Department of Agriculture (USDA) on October 5, 2001. As the CFO, Mr. McPherson leads the USDA's financial management through an office of approximately 1,800 employees including the National Finance Center in New Orleans, Louisiana. USDA has \$125 billion in assets, \$75 billion in annual spending, and \$100 billion in loans as well as significant guarantees and insurance in support of America's farmers and ranchers.

Prior to being appointed by President Bush, Mr. McPherson was the President of InterSolve Group, which he founded in 1989. InterSolve Group is a virtual company that executes the commercial agenda of chief executive officers by leading high-performing project teams of JUST-IN-TIME Talent™.

Mr. McPherson graduated from Williams College, has a Master's degree from George Washington University, and attended the financial management executive program at the Harvard University Graduate School of Business Administration.

Under Mr. McPherson's leadership, several major financial management results have been achieved recently at USDA:

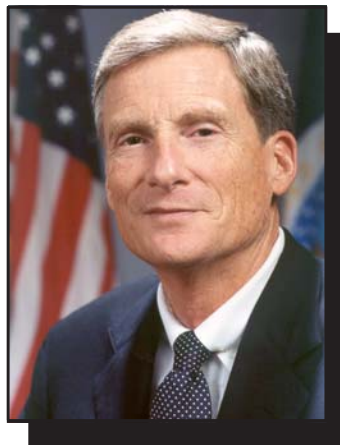
- USDA has been working on improving internal control, data integrity, management information and the financial statement preparation process. For fiscal year 2001, USDA received essentially unqualified audit opinions on four of five agencies receiving stand-alone audits, an increase of two from the prior year, by resolving long-standing credit reform issues.
- USDA is now completing the process of implementing the Foundation Financial Information System (FFIS), such that 100% of USDA will be compliant with the Federal Financial Management Improvement Act.



- In March 2002, for the first time in the history of the USDA, all 393 USDA treasury symbols passed criteria as set forth in FACTS II. This means that all budgetary obligations, cash receipts and disbursement balances were consistent between Treasury and USDA.

- The OCFO provides a variety of financial management and administrative services through the NFC located in New Orleans, Louisiana. The Center provides financial, payroll, administrative payments, and central accounting systems and services more than 40 Federal departments, independent agencies, and congressional entities. In FY 2000, 88% of customers surveyed

reported satisfaction with the service of the Center. This satisfaction rate increased to 90% in 2001, and is targeted to be at 92% in 2002.



*Financial Management Profile  
Edward (Ted) McPherson  
Chief Financial Officer  
Department of Agriculture*

### MANAGEMENT/ LEADERSHIP STYLE

As a leader, Mr. McPherson focuses on results and helps his people to achieve departmental and personal goals, and makes resources available for them to attain their goals.

Mr. McPherson stated that cross training financial managers, including training among various disciplines is necessary to improve the quality of the work force and to develop and retain talented employees. Financial managers should be versatile, strive toward being strategic partners with their Chief Executive Officers, and embrace accountability and stewardship of their organization.

Development of leaders is the most critical human resource issues facing Federal agencies today. Leadership is vital to the success of any organization, whether it is in a private organization or a Federal agency. Mr. McPherson does not see any impediment to successful government, only challenges and opportunities. And if there are any impediments, our leaders have to be effective and talented enough to overcome them and get the best results out of every situation.

### VISION

In the anticipation of a mass exodus of Federal employees in the next 5 to 10 years, Mr. McPherson suggested that the Federal Government get the proper leadership in place by developing emerging leaders, and execute strategies to "attract, recruit, and retain" talent. Private industry has been successful with "doing more with less" and Mr. McPherson believes that the Federal Government can capitalize on new approaches developed in recent years.

In the next 5-10 years, major challenges for a successful government may include competition for talents with the private industry, and effective allocation of scarce assets such as time, people and money. The world is getting smaller and the communication link is getting faster due to the advancement in technology. Mr. McPherson believes that leaders must continually inspire in order to enhance Government. "Today's peacock may be tomorrow's feather duster."

On the personal side, financial managers should value relationships and build trust, credibility and rapport with people around them. "People are the only source of sustainable competitive advantage."





## Elimination of National Defense Property, Plant, and Equipment Category

In March 2002, the Board issued an exposure draft, *Eliminating the Category National Defense Property, Plant, and Equipment (ND PP&E)*. The exposure draft would rescind SFFAS 11, *Amendments to Property, Plant, and Equipment — Definitional Changes* and would amend SFFAS 8, *Supplementary Stewardship Reporting* and SFFAS 6, *Accounting for Property, Plant, and Equipment*. At the end of the comment period, May 20, 2002, the majority of the twenty comment letters received supported the proposals presented in the exposure draft. Concerns raised by the respondents dealt mostly with providing additional guidance for the valuation and consumption of items.

The Board concluded its discussions, changes were made, and the Board approved SFFAS 23, *Eliminating the Category National Defense Property, Plant, and Equipment*, which:

- Rescinds the term ND PP&E.
- Categorizes previously considered ND PP&E as general PP&E. Accordingly, these items would be capitalized, and with the exception of land depreciated.
- Permits use of the composite or group depreciation methodology to calculate depreciation.

SFFAS 23 will be submitted concurrently to Congress and to the three sponsors of the FASAB: the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General. If no member of Congress or none of the Board's sponsors object, the standard will be published by FASAB and will become generally accepted accounting principles for Federal financial reporting entities. For more information, contact: Rick Wascak, 202-512-7355, [wascakr@fasab.gov](mailto:wascakr@fasab.gov).

## Reclassifying Stewardship Responsibilities

The Board reviewed comments received on the exposure draft *Reclassifying Stewardship Responsibilities and Eliminating the Current Services Assessment*. The Board will continue its deliberations on this proposed statement of standards at a future meeting. For more information, contact: Robert Bramlett, 202-512-7355, [bramlett@fasab.gov](mailto:bramlett@fasab.gov).

## Dedicated Collections Project

### Dedicated Collections

The FASAB staff presented to the Board a definition of Dedicated Collections that would include all collections dedicated by law to a specific fund for a specific purpose or program. Much of the Board's subsequent discussion revolved around whether or not it was

necessary for the definition to include specific funds. Some Board members argued that any promise made by Congress to apply specific collections to a specific purpose was sufficient to qualify them for additional disclosure. Others argued that unless the definition specified specific funds it would be too broad to be practicable. The Board agreed that examining these arguments would be addressed under the project plan's next steps, which would include testing the definition against different types of collections. The topic is scheduled to return to the Board in October 2002.

### Fiduciary Collections

The objective of the dedicated collection project is to clarify for the public the terms "fiduciary," and "trust fund." Despite the importance of "trust funds" in the budget, there is confusion about the distinction between federal trust funds and private trust funds, about how trust funds compare to other types of funds, about how earmarked funds are controlled in the federal budget, and about the relationship between fund accounting and the Government's overall financial condition.

The dedicated collections project will define fiduciary and other dedicated collections. The Board will address the collection/revenue issues as well as the asset or Fund Balance With Treasury accounting issues. The dedicated collections project will consider accounting standards based on the nature of the collection.

The Board will be considering whether the distinguishing line between fiduciary collections and other dedicated collections is those collections that create a liability and those that do not. To address this issue, the Board will be analyzing the distinction between an exchange and a non-exchange transaction in the FASAB definition of a liability. For example, the distinction separates federal employee pension liabilities, which are considered deferred compensation and therefore exchange transactions, from social insurance transactions that are considered non-exchange transactions that have critical information reported outside the balance sheet. Moreover, the FASAB liability definition may not address such situations as when the Government withholds money from employees for payment of taxes or contributes to the Thrift Savings Fund (which creates a liability for the Government but is not an exchange transaction).

At its June 2002 meeting, the Board approved the project plan for fiduciary and other dedicated collections and directed the staff to continue developing definitions and issues. Contacts are Andrea Palmer, 202-512-7360, [palmera@fasab.gov](mailto:palmera@fasab.gov), and Richard Fontenrose, 202-512-7358, [fontenroser@fasab.gov](mailto:fontenroser@fasab.gov).

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# New FASAB Members

**D**avid Mosso, the Chairman of the Federal Accounting Standards Advisory Board (FASAB), is pleased to announce that the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States have appointed three new members to five-year terms on the Board. The new Board members will bring diversity of experience to the deliberations of the Board. They are drawn from financial auditing, financial management, and investment decision-making backgrounds. The new Board members are Joseph V. Anania Sr., Claire Gorham Cohen, and Alan H. Schumacher:

**Mr. Anania** was a member of the Financial Accounting Standards Board for 8 years following his retirement as a partner with Price Waterhouse LLP's Audit and Business Advisory Services. While at the Financial Accounting Standards Board, he had lead roles working with the Business Council, investment analysts associations, and the American Bar Association. He was instrumental in organizing and developing the Financial Accounting Standard Board's Business Reporting Research Project, which resulted in 3 reports, including, *Improving Business Reporting: Insights Into Enhancing Voluntary Disclosures*. Mr. Anania is a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants. Mr. Anania graduated Summa Cum Laude with a BBA from the University of Pittsburgh.

**Ms. Cohen** is a vice chairman at Fitch, Inc., a credit rating agency where she oversees state and state agency ratings. Ms. Cohen came to Fitch from Moody's Investor Service where she was vice president and managing director for state ratings as well as a chairman of the public finance department rating committee. Her career has spanned virtually all aspects of the municipal market as well as covering international sovereign issuers. Ms. Cohen started her career at Dun & Bradstreet after receiving an AB in government from Radcliffe College. She has served as chairman of the Municipal Analysts Group of New York and on the Board of Governors of the National Federation of Municipal Analysts. Ms. Cohen is a member of the Governmental Accounting Standards Advisory Council.

**Mr. Schumacher** was most recently Executive Vice President and Chief Financial Officer of the American National Can Group, a \$2.5 billion NYSE listed manufacturing company where he spent most of his career. He began as a Senior Internal Auditor and held positions of increasing responsibility throughout his career. He developed and executed global financial strategies and directed all financial activities including Treasury, Cash Management, Tax, Accounting, Finance and Control, Internal Audit, Investor Relations and Risk Management functions. In his early career, he worked for three years as a senior auditor with Price Waterhouse LLP. Mr. Schumacher holds a BS in accounting from the University of Illinois at Chicago, and an MBA from Roosevelt University. He is a member of the Illinois Society of Certified Public Accountants, and the American Institute of Certified Public Accountants.

The appointment of these three members follows from a decision by the Federal Accounting Standards Advisory Board Principals; the

Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General of the United States, to restructure the Board to provide for greater non-federal representation. The nine-member Board will now have six non-federal members and three Federal members.

The change in membership enhances the independence of the Board by creating a supermajority of members who will not be responsible for implementing or auditing against the standards and, therefore, who will be independent in fact and appearance. The Board's Principals believe that an independent body should promulgate generally accepted accounting principles (GAAP) for federal reporting entities. The change ensures independence while providing for a qualified and informed Board to establish standards that meet federal financial reporting objectives following due process procedures.

The elimination of three federal positions on the Board to allow for the increase in non-federal representation will not diminish the ability of Federal entities to participate in the development of accounting standards. The Board has well-established due process procedures that offer interested federal parties (e.g., financial officers, inspectors general and program managers) opportunities to participate in development of standards by serving on task forces, testifying at public hearings, commenting on Board proposals, and addressing issues and concerns to the Board. In addition to the existing due process procedures, the Board is creating other means for federal constituents to monitor Board deliberations and offer input to the Board. The Board's website provides access to most briefing materials supporting its open meetings. The Board also plans to hold public agenda hearings to solicit input on its projects and priorities for the future. Through these and other means the Board expects to have a process that ensures those previously represented on the Board will have adequate opportunity to offer input. These steps and the balance of federal experience on the Board ensure that any uniquely federal issues and concerns will be raised and considered by the Board in promulgating standards.

The six existing members who will continue to serve on the Board have had a variety of governmental and non-governmental experience. The current Board Chairman, David Mosso, after 22 years of Federal service, retired as Fiscal Assistant Secretary of the Treasury and subsequently became vice-chairman of the non-federal Financial Accounting Standards Board. John Farrell is a retired audit partner from KPMG LLP where he managed federal audit engagements in recent years. Dr. James Patton, professor of accounting at the University of Pittsburgh's Katz Graduate School of Business, has conducted extensive research in the area of state, local, and federal accounting. The three remaining federal members — Robert N. Reid, Treasury's Deputy Assistant Secretary for Accounting Policy; Joseph I. Kull, Deputy Controller of the Office of Federal Financial Management at OMB; and Philip T. Calder, Chief Accountant at the General Accounting Office — represent the Board's Principals and together have over 30 years of federal service. For more information on FASAB, please visit our website: [www.fasab.gov](http://www.fasab.gov)





# DCAA Recruiting Success Story

**J**FMIIP is undertaking a Human Capital study to identify the issues critical to the effectiveness of the financial work force in the Federal government. The JFMIP project team is reviewing recently completed studies on workforce planning and meeting with senior officials from the public and private sectors to identify the “best practices” that can be adopted for financial management human capital initiatives. This article highlights the workforce planning efforts – particularly in the area of auditor recruitment - that have been successfully implemented at the Defense Contract Audit Agency (DCAA).

The Defense Contract Audit Agency (DCAA) is recognized by Office of Personnel Management (OPM) as a leader in the area of workforce planning and implementation of innovative initiatives. DCAA was established more than 35 years ago in response to a Department of Defense (DoD) initiative to consolidate contract audit activities. Since that time, DCAA has emerged as the best value provider of auditing and financial advisory services to DOD and non-DOD government agencies. Throughout the past 10 years, DCAA was engaged in the downsizing of its workforce from a peak employment of 7,000 people in 1998, to its present workforce of 4,000, and consolidation of the organization into five geographic regions, and one nation-wide organization known as the Field Detachment. Workforce reductions were achieved primarily through attrition and a hiring freeze. In 1998, an analysis of workforce statistics, and an anticipated increase in Agency workload indicated that resumption in hiring was necessary in order to ensure continuity of operations and offset the potential impact of an increase in retirements associated with an aging workforce.

Partnering with OPM's Philadelphia Service Center, DCAA examined recruitment and retention practices of their greatest competitors, the private sector's Certified Public Accounting (CPA) firms. One of the significant byproducts of this research was the recognition that the motivations for employees entering the workforce today differ greatly from those of past generations. What DCAA found was that professional growth, recognition, and opportunity for continued development – not a 30-year career with the same organization - are the prime motivators of employee's entering the workforce today. As a result, the DCAA recruitment effort focused on marketing its inclusive organizational culture, the challenging and varied nature of work, the benefits available to employees, and the DCAA emphasis on quality of work life, continued training and development, and career advancement and recognition.

## Integrating Workforce Planning with Strategic Planning:

DCAA considers the government contract audit function to be an inherently governmental function. Other functions such as information technology (IT) and administration support are deemed to be non-core functions and thus subject to outsourcing. Performance goals and objectives related to workforce planning are identified and integrated in their strategic plan, and performance metrics are continually tracked. For DCAA, successful workforce planning and human capital management is characterized by its ability to acquire, develop, reward and retain the workforce necessary to provide effective, efficient delivery of top-quality audit and financial services.

Two metrics that DCAA tracks relating to development of a highly skilled workforce are:

- The number of DCAA personnel having CPA certification and/or advanced degrees
- The number of hours of training completed by DCAA personnel

Integrated into their management information system is the number of budgeted hours for audit assignments. By measuring the performance of each audit against the budgeted hours, the agency continually measures cost and benchmarks against the four – five private CPA firms in the Department of Labor contracts. DCAA also monitors their hiring and attrition statistics on a monthly basis, and provides a report to the Director, DCAA, on a quarterly basis. At the start of each fiscal year, each DCAA region develops and initiates execution of an annual recruitment plan. These plans are reviewed and monitored by DCAA headquarters personnel. Updates to the annual plans are provided on a quarterly basis, and included in the quarterly reports to the Director, DCAA. Through this process, progress made in attainment of hiring goals is monitored, barriers to recruitment and retention identified, and successes shared. The attrition rate for the professional audit workforce averaged 3% during the first half of FY 2002. Support and involvement of DCAA senior management has been critical to the Agency's success in recruiting and retaining a highly qualified audit workforce.

## Recruitment & Career Development Programs

Recruitment and Career Development are two primary areas of focus for DCAA that benefit from continual improvement and implementation of new techniques and practices.

**Auditor Recruitment.** Following a sustained period of downsizing and minimal recruitment, DCAA engaged in an aggressive Agency branding, marketing and recruiting effort in late 1998. At its peak, DCAA employment was at a high of 7,000, through attrition and freeze on most hiring, the DCAA workforce reduced to its current level of 4,000 employees, and consolidated its operations in five geographic regions and one nation-wide Field Detachment. Partnering with the Philadelphia Service Center of the Office of Personnel Management, DCAA developed and initiated the use of recruitment materials that were designed to convey a consistent and professional image. This Agency “brand” has been incorporated into all recruitment materials such as the tabletop display, brochures and other printed materials, the Career Center website, and a CD-ROM. The same design has been used in marketing the Agency in such venues as the StudentJobs website, virtual career fairs associated with the National Career Services conference, and the redesigned USAJOBS feature pages.

Most of the hiring at DCAA is for entry-level auditors at the GS-7 level, and is accomplished through competitive appointments from OPM certificates, and through non-competitive appointments made through the Federal Career Intern Program. In partnership with OPM, DCAA simplified the competitive application process through

*Continued on Page 21*



## FINANCIAL MANAGEMENT PROFILE

Ms. Sandy Weisman has been at the U.S. Patent and Trademark Office (USPTO) almost two years. As the Deputy Chief Financial Officer (DCFO) and Comptroller, she oversees the financial management organization including procurement, financial accounting, budget, corporate planning, and strategic planning. She inherited an outstanding financial management organization and this is the ninth year the USPTO has received an unqualified audit opinion and the fifth year without material weaknesses. The organization has a fully mature activity-based cost (ABC) accounting system and it pays 99% of its invoices within 30 calendar days. The amount of interest paid is generally less than a hundred dollars a month, which is rare for a government organization. Many of the financial management staff are contractors with strong financial and cost accounting skills.

Her role as the DCFO is to ensure that the organization has the resources, both budget allocations and fee income, it needs to complete its mission from a service standpoint and to get the job done in a timely and accurate manner. Ms. Weisman stated that the mission of the USPTO is important to the U.S. economy and as such has resulted in the President/Administration recommending a 21% increase in its budget from FY 2002 to FY 2003.

Ms. Weisman started as a Presidential Management Intern (PMI) in the Federal government in 1978, the first year of the PMI program. She stated, "The PMI program has been very good to me, and I have had a very positive and productive career as a result." The executive that hired her provided invaluable advice and guidance. He was an especially adept leader who selected people and then helped, developed, and mentored them. Ms. Weisman started as a staff assistant and he advised her that she could not stay a staff assistant because she needed management experience to excel in her career. She loved her first supervisory position and has been a manager ever since. This mentor has remained in the background of her career as both a supervisor and friend helping her to resolve or accept the issues she has faced.

When asked to describe the attributes one must possess to be a successful manager or leader, she replied that a successful leader is fair and honest and communicates well. The average worker needs to see that you have your organization's best interest at heart. It does not always mean that they can get you what you ask for, but you know in the end that your success is their success. Ms. Weisman believes that her staff can trust what she says and that she is very loyal and honest. As the formula for leadership, these values are part of the reason she quickly rose through the ranks and has worked a decade in the Senior Executive Service.

The major goals she hopes to accomplish this year are to help the USPTO achieve its new strategic plan, which will radically change the way it performs its core mission work, and help the agency acquire the resources it needs for this purpose. She also

wants to ensure that the financial organization continues on the cutting edge.

One of the reasons Ms. Weisman came to USPTO is that the organization was designated a Performance Based Organization (PBO) that allows the agency to perform like a business. The interesting question is, what does it mean to be a PBO and still follow all the government regulations? Even though there are these expectations for performance and accountability, the organization still has to deal with government laws and regulations. She believes the USPTO was not given the full flexibility to be like a private sector organization. She indicated that many of the things that a PBO should do, like implementing activity based costing, are appropriate for the USPTO to do whether or not it was a PBO; its mission is very production-oriented. She indicated that the USPTO does not have total control of its fees. It cannot even set its fees since they are set legislatively. And, in the budget process, it does not always get full access to the fees that it generates.

The PBO legislation supposedly gives the agency more freedom with regard to personnel and procurement. Although the previous Administration pushed the PBO concept, Administration officials did not have a template for what a PBO should be. As a result, Congressional authorizing committees determined what they were going to give to the PBOs and each committee did it differently.

For example, Ms. Weisman indicated that the USPTO did not receive full relief from the government procurement rules. The agency can set some of its own procurement rules through regulation but the

organization still is bound by the majority of Federal procurement regulations. However, the USPTO was given broader authority for its day-to-day management. She stated that with the Bush Administration, the new political senior management came on board to this PBO concept and has been working with the new leadership of the USPTO to work out what a PBO means to them and how each will work with one another.

The USPTO, like other Federal agencies, works under the annual budget cycle. The difficulty lies in trying to manage those budgets when you do not necessarily have full access to fees and developing workload projections and resulting fee income two years in advance of the actual budget when the workload can fluctuate significantly based on the current economy. For example, both the patent and trademark workload had double-digit increases in fiscal years 1999 and 2000 – increases that most private sector companies would have difficulty managing. Then, with the demise of the dot.com's and the resulting slow down in the economy, the trademark workload declined by double-digits in fiscal years 2001 and 2002. This has created significant difficulties in managing both the cash flow and personnel resources of the agency. The public does not see the number of new examiners hired or how much funds are invested in automating the work process, but the public is aware of the amount of time it takes for the USPTO to process applications.



*Sandra L. Weisman  
Deputy Chief Financial Officer  
U.S. Patent and  
Trademark Office*

# JFMIP Develops New Qualification Test for Core Financial System Requirements

On November 16, 2001, JFMIP released the “*Core Financial System Requirements*” document, which is the most current update to the document first issued in January 1988. This update reflects recent changes in laws and regulations and in governmentwide reporting systems, such as the Department of Treasury’s Federal Agencies Centralized Trial Balance System (FACTS) II system.

The provisions in this document constitute Federal requirements for Core financial systems. They are stated as either mandatory (required) or value-added (optional) system requirements. Agencies must use the mandatory functional and technical requirements in planning their Core financial system improvement projects. Value-added requirements should be used as needed by the agency. It is the responsibility of each agency to be knowledgeable of the legal requirements governing its Core financial operation; therefore, agencies may develop additional technical and functional system requirements as needed to support unique mission responsibilities. As stated in the document, the use of the term “Core financial system” is not intended to imply that a single system component (module) must independently perform all of the functions herein required of a Core financial system. Rather agencies are encouraged to maximize data exchange and share functionality among components of an integrated financial system. The document is available on JFMIP’s website at <http://www.JFMIP.gov>.

## Software Qualification Process Activities

The Core Financial System Requirements remain the basis for the Federal Government to test compliance of commercially available Core financial software. In fiscal year (FY) 1999, JFMIP developed a new testing and qualification process, directly linking tests to these requirements. In addition, the testing/qualification process was separated from the acquisition phase of the software selection process governed by the General Services Administration (GSA).

Under the JFMIP testing process, certificates of compliance for software products expire three years after the certificate is issued. To maintain the certificate, JFMIP requires the vendor to submit the software product for a complete retest. This test process requires a complete cycle of development, which includes: 1) revising the *JFMIP Core Financial System Requirements* document, completed November 2001; 2) developing a new certification test, including a test of the test, which is currently in draft and scheduled to be published as final by approximately September 13, 2002; and 3) executing the test for the software products, which will be conducted during the last quarter of calendar year 2002 and the first half of calendar year 2003.

A prime consideration in this process is to test any new (or clarified) Government requirement as stated in the core requirements document. This is an important stage in the process since this ensures compliance with stated requirements.

JFMIP is incorporating improvements to the test based on what JFMIP has learned from prior tests. Additionally JFMIP continuously reviews actual agency experience in the use of tested software products, to determine requirements that should be tested more thoroughly. Therefore, JFMIP interviewed agencies that have the most current software products, to better understand where the test

could be improved. JFMIP is using this information to further improve the test.

For agencies, it is important to note that even if an agency has procured a software product, this new requirement and test cycle will be beneficial. The process will direct software products to either meet new requirements or to better meet existing requirements. As agencies upgrade to the new software product versions, they can ensure that the software product offered remains aligned with the Government’s requirements.

## Current Certificates of Compliance Extended to March 31, 2003

The new JFMIP qualification test based on the November 2001 Core requirements will be finalized by approximately September 13, 2002.

JFMIP’s overriding goal is to ensure that COTS (commercially off-the-shelf) software available to Federal users is compliant with the Core requirements. Since JFMIP decided to greatly expand the new qualification test to more comprehensively test the Core requirements, this has resulted in additional time needed to ensure a complete and fair test. The new qualification test will be finalized by approximately September 13, 2002, which will not provide adequate time for vendors with certificates that expire during calendar year 2002 to prepare for and take the revised test. It is important to complete the test development process and allow vendors enough time to adequately prepare their software to pass the test. This will ultimately provide agencies with better COTS solutions. The following reflects the effect of the test finalization on the time period for the current Certificates of Compliance.

- 1) For certificates (5 certificates) that expire during calendar year 2002, these vendors will have until March 31, 2003 to prepare for and take the new qualification test. Failure of the vendor(s) to take and pass the new qualification test by March 31, 2003, will result in the revocation of the existing certificate(s).
- 2) For certificates (2 certificates) that expire June 2003, these vendors will have until June 30, 2003 to prepare for and take the new qualification test. Failure of the vendor(s) to take and pass the new qualification test by June 30, 2003, will result in the revocation of the existing certificate(s).
- 3) For certificates (2 certificates) that expire during 2004 and 2005, these vendors will have until May 31, 2003 to prepare for and take the new qualification test. Failure of the vendor(s) to take and pass the new qualification test by May 31, 2003, will result in the revocation of the existing certificate(s).
- 4) For certificates (1 certificate, a current Federal agency cross service provider) that expire October 2003, this agency will have until October 31, 2003 to prepare for and take the test. Failure of the agency to take and pass the new qualification test by October 31, 2003 will result in the revocation of the existing certificate.

*Continued on Page 16*

# Federal Financial Management Workforce Human Capital Challenges

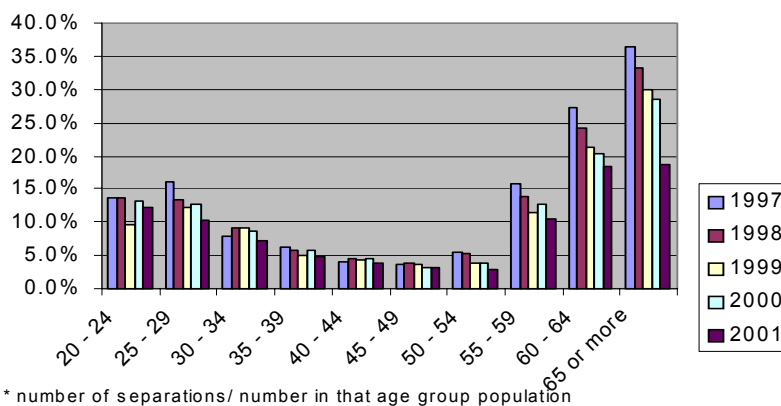
The oldest members of the huge baby-boom generation are now 56 years old, and as they start retiring, job candidates with the right skills will be in high demand. In some private industry sectors, especially those in which burnout and early retirement are common, the crunch has already arrived. Hospitals can't find enough nurses or medical technicians. Drugstores are competing to hire pharmacists, bidding some beginners' salaries above \$75,000. The Federal government is facing that same human capital crisis with an aging workforce and a majority of the workforce eligible to retire within the next 5-10 years. In the federal financial community, the federal management (FM) workforce is also aging. About 64% of the Federal financial work force is over 45 years old, and approximately 33% is eligible to retire by 2005. This problem is further exasperated by a higher attrition rate of the younger FM workforce during the recent Federal downsizing efforts.

The Federal government faces specific challenges due to major changes in financial management expectations and business practices and rapid changes in supporting tools and technologies. In February 2001, the General Accounting Office (GAO) added human capital management to the government-wide "high-risk list" of federal activities. In August 2001, the President's Management

## Separation of 05XX Workforce Groups by Age

### Percentage Separations by Age\*

Series 05XX Professional and Administrative  
does not include clerical or technical personnel



\* number of separations/ number in that age group population

Source: [www.FedScope.gov](http://www.FedScope.gov) 02/02

Agenda identified strategic management of human capital as one of its government-wide initiatives.

JFMIP is undertaking a study to identify the issues critical to the effectiveness of the financial work force in the Federal government.

The future Federal financial workforce must transition from transaction processing to strategic planning and decision support, which will require more analytical skills. This study will recommend ways to transition to a highly qualified financial work force that will provide timely, accurate and reliable information to agency decision makers.

In addition to reviewing recent studies on human capital planning, the JFMIP project team is meeting with senior officials from the public and private sectors to identify the "best practices" concerning financial management human capital initiatives, including the recruitment, retention and training of financial personnel to meet its future needs. This article articulates some of the findings to date.

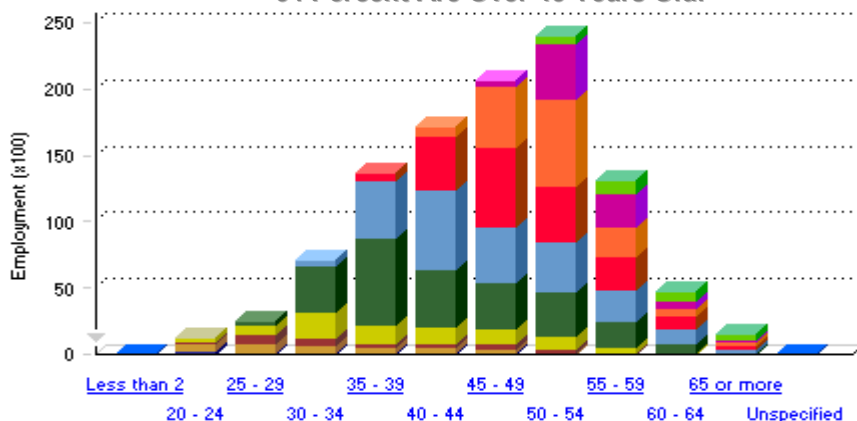
### The Issues

Recent human capital studies by the Department of Defense and the National Association of Public Administrators (NAPA) suggest that the future workforce will be smaller, flexible and results driven in order to operate in a performance-based business environment. While

## FY 2001 Federal Financial Workforce by Age

Total: 106,000

64 Percent Are Over 45 Years Old.



Source: <http://www.fedscope.opm.gov/index.htm>

*Continued on Page 14*



# PROGRESS ON THE INTRAGOVERNMENTAL FRONT

**A**ccounting for intragovernmental transactions – fiduciary, exchange, and non-expenditure transfers – has been classified as a government-wide material weakness by the General Accounting Office. The inability of the Federal government to properly account for such transactions hinders true cost transparency and impedes the goal of a clean opinion on the U.S. Consolidated Financial Statements. At their most recent meeting, the JFMIP Principals agreed that this weakness must be resolved expeditiously. On June 13, 2002, OMB proposed for comment initial actions to standardize processes for exchange transactions as well as certain accounting methods for fiduciary transactions. The actions were presented as “business rules” that may be modified as “electronic commerce” capabilities are implemented between Federal agencies. Agency comments were requested, and OMB expects to issue an implementation bulletin later this summer. Efforts to review various tools and capabilities for electronic commerce are ongoing, and OMB anticipates proceeding to concept testing early next year. In the meantime, the standardization of the business process can begin.

## Exchange Transactions

One of the significant problems in the intragovernmental transaction arena is the current lack of standardization in transaction processing and recording of the associated financial impact. As a major first step toward resolving this weakness, it is essential to establish basic requirements for processing and recording intragovernmental exchange transactions for all agencies. Key components include the assignment of unique business location codes, registration in the central contractor database, business process rules for exchange transactions (the exchange of funds for goods or services), and mandatory data elements the associated intragovernmental bill and invoice.

**Unique Business Location Codes.** The lack of sufficiently detailed vendor/customer identification codes is a major impediment to the reconciliation of exchange transactions. Agencies cannot readily identify their true business partners, and there is no government-wide standard for federal vendor/customer codes. The proposal would require federal agencies to obtain a DUNS number for each business location that authorizes the sale of goods and services to another federal agency. Agencies that acquire goods and services from a federal vendor also will be required to obtain a DUNS number for each location that authorizes or “signs” the order. These numbers, available from Dun and Bradstreet Corporation at no cost, are designed to uniquely identify a business location. More specific information about determining business locations will be provided to agencies later this summer.

**Central Contractor Registration (CCR).** The CCR is a web-based system that captures acquisition and payment data for commercial vendors and some federal agencies that sell products and services to the Department of Defense and other federal agencies. The database is maintained by the Department of Defense, and the key field is the DUNS number. The CCR was developed to provide a single source of vendor information to reduce the information burden placed on vendors when they are tasked to provide the same information to multiple federal agencies. Current policy requires vendors to enter and maintain their CCR profiles, which includes financial information for electronic payments. Vendors that do not register or do not maintain accurate data are not able to receive payments. Consistent with the simplified acquisition business model to be applied for intragovernmental exchange transactions, OMB’s proposal requires federal agencies that engage in buy/sell activities will be required to register in the CCR. Since any agency may be a buyer, a seller, or both, it is important that the appropriate role is

*Continued Opposite*

## FASAB Update Continued

*Continued from Page 6*

### Intra-departmental Inter-entity Cost Interpretation

The Board is currently considering issuing an interpretation related to intra-departmental inter-entity costs. Specifically, FASAB had been asked whether a component (of a department or larger reporting entity) is prohibited by paragraph 110 of SFFAS 4, *Managerial Cost Accounting*, from recognizing imputed intra-departmental inter-entity costs. Intra-departmental inter-entity costs are considered the costs of goods and services provided by other components or responsibility segments within the department or larger reporting entity, with or without reimbursement. The Board wants to address the question in a manner consistent with full costing, but requested staff to gather more information on the current practices.

At the June Board meeting, the Board approved a Questionnaire on Intra-departmental Inter-entity Costs for distribution to the Chief Financial Officers and Inspector Generals of the major 24 executive departments and agencies (Chief Financial Officer Act agencies.) The Questionnaire will be used to obtain information about current practices related to the accounting for intra-departmental costs as well as to obtain feedback on key areas of consideration in the staff draft proposed interpretation. The draft interpretation proposed by staff and being considered by the Board explains that the limitation on recognition of inter-entity costs in paragraph 110 of SFFAS 4 is directed at inter-departmental costs, although SFFAS 4 does not use that term. The proposed interpretation indicates that reporting entities should account for intra-departmental costs in accordance with the “other” provisions of SFFAS 4. For more information, contact: Melissa Loughan, 202-512-5976, [loughanm@fasab.gov](mailto:loughanm@fasab.gov).

## PROGRESS ON THE INTRAGOVERNMENTAL FRONT

*Continued from Previous*

designated with each registration. A registration template will be provided, and any federal agency registrations that currently exist in the CCR must be updated to conform to this template. The CCR system provides a single source of information that is accessible by all federal agencies and includes designated points of contact to support the entire intragovernmental acquisition process.

**Exchange Business Rules and Data Elements.** Most business transactions between federal agencies are still primarily paper-based. The manner in which these transactions are conducted varies tremendously. By transitioning to an electronic exchange of data, greater consistency, accuracy, and efficiency in this business process can be realized. Before electronic commerce technology can be implemented, greater standardization in the underlying business process is essential. All federal agencies will be required to follow a commercial best practice by issuing orders (or the equivalent) for goods and services to be acquired from other federal agencies. Upon delivery, the providing agency will forward an invoice to the customer agency. After acceptance, the buyer will initiate the transfer of funds through Treasury's automated Intra-governmental Payment and Collection system (IPAC). Under this scenario, there would be no prepayments that are one of the primary sources of irreconcilable differences. Another significant source of differences is the accrual of unbilled accounts receivable. The proposed rules would allow only those accounts receivable that have been billed to be recorded as intragovernmental receivables, and guidance from the Department of the Treasury would be issued to account for earned revenue that has not yet been billed.

To promote consistency in the execution of transactions, a minimum set of data elements will be captured for each order and its associated invoice. Transaction data for intragovernmental orders and invoices were included with the proposed business rules forwarded by OMB on June 13, 2002. Additional elements that are

specific to an agency's internal management needs can be captured but may not be exchanged.

### Fiduciary Transactions

While there is currently an effective reconciliation process in place for this class of transactions, it is resource-intensive. With the accelerated reporting deadlines and declining resources, continuance of the existing reconciliation process may not be a viable option. Many of the reconciling differences are attributable to differences in accounting methods and other practices.

Key elements of the fiduciary rules include the use of the interest method for amortization of borrowings and investments and the use of the specific identification method for redeeming securities. The Department of Labor and the Office of Personnel Management would be required to post certain information within an accelerated timeframe to facilitate the accrual and subsequent elimination of actuarial liabilities.

### Next Steps

Following the finalization and issuance of business rules, the focus of the intragovernmental effort will shift to the implementation of the electronic portal that will serve as the mechanism for exchanging acquisition and payment data. A phased implementation plan is being developed and will identify the necessary steps required for deployment. Exchange business rules, including agency DUNS numbering schema, will be reviewed to determine any changes that may be required. The initial implementation of this electronic exchange capability is targeted for October 2003. For additional information, you may contact Janet McBride, Project Director, at (202) 395-5835 or at [janet\\_a.\\_mcbride@omb.eop.gov](mailto:janet_a._mcbride@omb.eop.gov). □

## ED on Non-Income Tax Revenue System Requirements Released

*Continued from Page 1*

as: "An inflow of resources that the Government demands, earns, or receives by donations."

This document does not address revenue from income taxes, which is collected by the Internal Revenue Service (IRS). Since the IRS is a one of a kind Federal agency, and its income tax system contains unique functionalities, this document excludes systems used by the IRS to administer and collect income taxes. However, some agencies collect taxes for the IRS that is not considered "income taxes." These taxes are included in the scope of this document.

A Non-Income Tax Revenue System tracks the life of revenue beginning in initial order to processing and output to maintain a complete history of financial activity relating to those receipts. The ED document identifies 22 major functions and the data processed

by those functions. The functional requirements are designated as mandatory or value-added.

This document is posted on the JFMIP website at [www.jfmip.gov](http://www.jfmip.gov). Comments on this document are encouraged and should include the underlying rationale and the corresponding line number(s). Please send comments to:

JFMIP  
1990 K Street NW, Suite 430  
Attn: Daniel Costello  
Washington, DC 20006  
Fax (202) 219-0549

If you have any questions, please call Daniel Costello at 202-219-0542 or email at [daniel.costello@gsa.gov](mailto:daniel.costello@gsa.gov). □

## Federal Financial Management Workforce Human Capital Challenges

*Continued from Page 11*

the core skills are still required, there will be growing emphasis on personnel with understanding of multiple functions and business skills. The increase use and the availability of data will require a workforce to organize and transfer the information in a meaning way to the users.

The NAPA study advocates the use of strategic workforce planning to fundamentally shift the paradigm of the Federal compensation and rewards system from a “culture of entitlement” to one that is market-based, pay-for-performance. The current classification and reward system in the Federal government is too rigid and out-of-date, and the Federal recruitment process system under Title 5 is slow, cumbersome, and lacks the flexibility to allow federal managers to compete for talent. It is based on an industrial model where the jobs are precisely defined and little distinction is made between grades/levels and occupation. A recent survey by the National Association of Colleges and Employers (NACE) confirmed that the federal hiring process is a major deterrent to the Federal government’s ability to attract and retain well-qualified applicants.

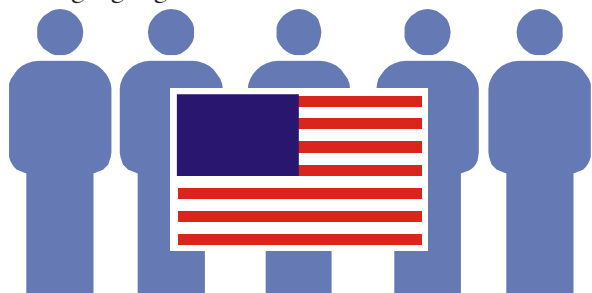
### Best Practices & Lessons Learned

Some common best practices to facilitate progress recruitment in today’s competitive environment include the development of feeder universities, expansion of recruitment effort of mid-career professionals, use of term employees and the creation and support of a learning culture.

Feeder universities are partnership efforts between a university and Federal agency to tailor an academic program is tailored to develop graduates with selected sets of competencies identified by the Federal agency. The recruitment of mid-career professionals and term employees can bring in an infusion of experience and new energy. If carefully selected, they can bring with state-of-the-art skills that the organization lacks.

Statutory and policy changes may be necessary to facilitate some of these workforce reforms. At present, the Intergovernmental Personnel Act (IPA) permits scientist and academicians with unique technical knowledge to enter the federal government for short terms of employment. IPA is not applicable to mid-career professionals from industry. Expansion of IPA, or similar new authority, can facilitate the process of bringing in new experience from the industry for short terms of employment.

In the near future, JFMIP will be meeting with CFOs from the private and public sectors to discuss the future financial management workforce. For additional information, please contact Doris A. Chew at [doris.chew@gsa.gov](mailto:doris.chew@gsa.gov) or Harvey C. Wong at [harvey.c.wong@gsa.gov](mailto:harvey.c.wong@gsa.gov).



## Federal Financial Management Report 2002 Issued

*Continued from Page 1*

Through the framework of the *President’s Management Agenda*, this Administration is determined to tackle and resolve serious management challenges that defy quick solutions – yet pose major risks to performance and accountability of major government programs and operations. Referred to as “high risk” or material weaknesses, these problems have been identified through numerous audit reports and agency reviews of operations.

- Beginning with the FY 2004 budget cycle, which will begin this summer, agencies will be expected to submit with their budget requests clear and concise plans for fixing the underlying conditions that spawn these problems, along with ambitious timelines and milestones for which agency officials will be held accountable.
- OMB has accelerated the deadline for financial reporting: Beginning in fiscal year 2004, federal agencies will submit audited financial statements by November 15, and OMB will produce a Consolidated Financial Report on December 15, in time for the Administration and Congress to use the information to make budgetary decisions. OMB also is requiring agencies to produce comparative and interim reports. To meet these accelerated due dates, agencies must reinvent their business processes, standardize their business rule and integrate financial data and make greater use of electronic processes. The President, Congress, and the American people will have vital financial and performance information available to make informed decisions about the use of America’s resources before they are allocated through the budget process.
- OMB is working to establish effectiveness ratings for approximately 20 percent of Federal programs that will be published with the President’s FY 2004 Budget, and OMB has also begun an extensive effort to identify a subset of programs and evaluation metrics for these programs. In addition, OMB is developing evaluation metrics for several crosscutting, government-wide functions. All of these steps are designed to achieve the spirit of the Government Performance and Results Act of 1993, rather than simply comply with the requirements of what has become in most cases just a paperwork exercise.

This Administration is committed to achieving real and lasting improvements in Federal financial performance. Although the government-wide financial statements received a disclaimer for the fifth year in a row, CFOs and their agency heads are making steady progress toward removing the two key impediments to a clean opinion. For the FY 2001 reporting cycle, there was a modest, but genuine improvement in agencies’ financial reporting. Eighteen of the 24 major agencies received clean opinions on their financial statements. The CFO Council will continue to play a vital role in our efforts to improve financial performance.

The 2002 report highlighted several obstacles to achieving “Improved Financial Performance, including: financial systems, material weaknesses, erroneous payments, asset management, and budgeting for results. For more information, the report can be found at <http://www.whitehouse.gov/omb/financial>.



# Congressional Hearing on FFMIA

On June 6, 2002 Congressman Stephen Horn, presided over a hearing on the Federal Financial Management Improvement Act (FFMIA) for the Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations. The purpose of the hearing was to discuss the challenges that are preventing many agencies from having financial management systems that comply with the Federal Financial Management Improvement Act. Witnesses included: Karen Alderman, Executive Director, Joint Financial Management Improvement Program (JFMIP), Sally E. Thompson, Director, Financial Management and Assurance at the General Accounting Office; Lloyd Blanchard, Chief Operating Officer at the Small Business Administration (SBA); and Donna R. McLean, Assistant Secretary for Budget Programs and Chief Financial Officer at the Department of Transportation (DOT).

Ms. Alderman's testimony focused on the role of financial systems, development of financial system requirements, core financial system testing and qualification process, a study on intragovernmental eliminations, and work on human capital issues. Defining government-wide systems functional requirements necessary to support statutes, Executive Branch policies and regulations, and Federal accounting standards is critical for achieving the desired improvement in financial systems and financial information. These system requirements are readily available to agencies, auditors, vendors, or anyone who needs them. The CFO Council and the JFMIP have partnered to greatly enhance the Core Financial Systems testing qualification and procurement processes to improve the availability of commercial software that supports Federal requirements and to improve the chances that agencies can successfully implement new systems. The purpose of testing is to reduce the risk to the Government in procuring core accounting software, produce useful information, reduce agency test effort and provide critical information to commercial business partners to allow them to be successful in providing core accounting software that meets Federal requirements. Ms. Alderman also described the status of other JFMIP's initiatives to assist agencies in the successful implementation of FFMIA.

Sally Thompson's testimony addressed the status of agencies' efforts to implement and maintain systems that substantially comply with FFMIA. The results of the fiscal year 2001 FFMIA assessments performed by agency inspectors general (IG) or their contract auditors again show that the same types of problems still plague the financial management systems used by the 24 CFO Act agencies. While much more severe at some agencies than others, the nature and severity of the problems indicate that, overall, agency management lacks the full range of information needed for accountability, performance reporting, and decision making. While the CFO Act agencies have obtained more

clean or unqualified audit opinions on their financial statements, often through extraordinary, labor-intensive measures, there is little evidence of marked improvements in agencies' capacities to create the full range of information needed to manage day-to-day operations.

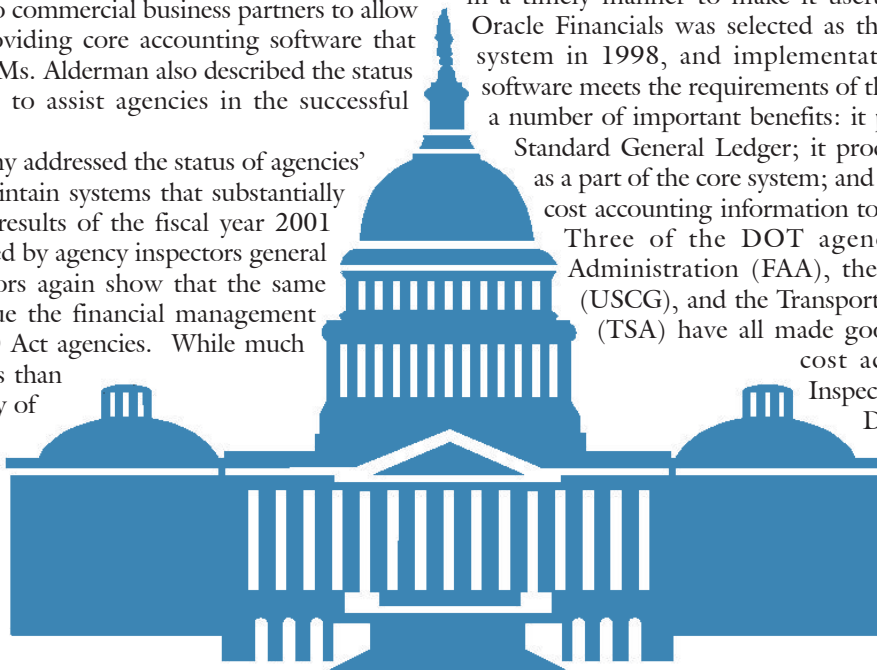
Lloyd Blanchard discussed ongoing efforts at the SBA to comply with FFMIA. As a direct result of the active involvement of the SBA Administrator and all SBA management in the financial management activities of the Agency, the SBA has a very effective financial management program in place. SBA has established an aggressive internal control program, similar to that adopted by the GAO in its own internal control guidelines. SBA also has a constantly evolving and effective cost accounting system. This system allows for full cost allocation on our core programs and is used to develop crosswalks for budgets and pricing with Federal Agencies for certification of small firms as Small Disadvantaged Businesses as well as for production of the Statement of Net Costs. As an integral part of the President's Management Agenda, SBA is now integrating this cost information into its planning and decision processes for the FY 2003 and FY 2004 budget cycles. This is essential in SBA's strategic and program planning. If done correctly, this should result in increased efficiencies and better performance management, allowing SBA to more effectively serve its customers.

Donna McLean's testimony addressed DOT's challenges in trying to become compliant with FFMIA and their plans for how DOT will become compliant. DOT has been hampered by the existence of a legacy accounting system that is not in compliance with the Standard General Ledger. The second major challenge is that DOT's Financial Statements are not produced directly by their core legacy system but rather through a financial statements module and a series of spreadsheets. The third challenge is that the DOT legacy system does not have the capability to provide cost accounting information in a timely manner to make it useful for daily decision-making. Oracle Financials was selected as the replacement for the legacy system in 1998, and implementation is underway. The new software meets the requirements of the FFMIA and brings to DOT

a number of important benefits: it provides the ability to use the Standard General Ledger; it produces the financial statements as a part of the core system; and it has the capability to provide cost accounting information to management in a timely way.

Three of the DOT agencies, the Federal Aviation Administration (FAA), the United States Coast Guard (USCG), and the Transportation Security Administration (TSA) have all made good progress in implementing cost accounting. Finally, DOT's

Inspector General has reported that DOT has two material weaknesses. The report recommends a variety of measures to improve reporting, and DOT is in the process of implementing them. □



## A Joint Perspective

*Continued from Page 2*

of the Office of Management and Budget. At the agency level, a process will be piloted in a number of Federal agencies through 2004 in order to identify lessons learned prior to future expansion to all CFO Act agencies.

### Removing Impediments to Success

Removing impediments to success has been a focus for the JFMIP Principals, in part because it's a target rich environment and in part because many impediments cross organizational and intuitional boundaries and require joint strategic leadership to gain traction. Early on, the JFMIP Principals endorsed accelerating government financial reporting. They also agreed to identify the barriers to that goal, what had to be done eliminate those barriers, and assignment of responsibility to take action.

Addressing the inability of the government to properly account and reconcile billions of dollars of transactions between federal entities was high on that list. JFMIP staff conducted research on issues that adversely impact the accurate recording and reporting of intragovernmental transactions. Three categories of transactions were identified: fiduciary, exchange, and non-expenditure transfers. While the most significant dollar amounts involve fiduciary and non-expenditure transactions, the most intransigent problems are those involving the acquisition of goods and services by one federal agency from another federal agency. Thus, current efforts have focused primarily on recommendations to mitigate the problems associated with these exchange transactions. Actions in progress include the development of standard business rules for the intragovernmental acquisition process; the specification of standard acquisition and financial data to be collected with each transaction; the expansion of the existing Central Contractor Registration process to federal

agencies engaged in intragovernmental acquisition; the extension of existing electronic commerce capabilities to intragovernmental acquisitions; and suggested revisions to the U.S. Standard General Ledger. The Office of Management and Budget and the Department of the Treasury have been assigned primary responsibility, ambitious target dates have been established, and they are working aggressively.

The JFMIP Principals used their forum to proactively engage with the Department of Defense (DoD) on their business process transformation plans. This emphasized the importance of the DoD initiative to the overall success of government-wide financial management performance and opens the lines of communications with DoD leadership.

### Promoting Shared Capacity to Support Success

A final area where the JFMIP Principals have actively engaged is promoting shared capacity to cost effectively support financial management success. An example is the Principals' support of a JFMIP staff project to analyze federal civilian payroll and processes and to identify options to simply and unify payroll processing. The JFMIP study led OMB to establish e-Payroll as the newest member of the 24 e-gov initiatives, and OPM, led by JFMIP Principle Kay Coles James, was assigned responsibility as managing partner. The e-payroll initiative will 1) establish central governance over the HR/payroll function; 2) standardize HR/payroll policy and processes to the extent practicable; 3) develop integrated government enterprise architecture for HR/payroll systems, and 4) consolidate HR/payroll service delivery.

*Continued Opposite*

## JFMIP Develops New Qualification Test for Core Financial System Requirements


*Continued from Page 10*

JFMIP is encouraging all of the vendors to take the new qualification test earlier than the dates noted above, if possible. The specific COTS product and the existing certification expiration end dates may be found on JFMIP's web site, under the Knowledgebase section. While all of these software products passed the old test at different time periods, by the fall of 2003 all software products will have to successfully demonstrate that they meet the Federal Core requirements identified in the new qualification test.

### Future Test Related Activities

As stated above, once the qualification test is finalized, JFMIP will begin the requalification of existing core financial system products. In addition, JFMIP will explore possible improvements to the JFMIP test materials that would be beneficial to agencies.

Since the new test is designed to mimic an agency that has all of the various types of funds that an agency could have, JFMIP will explore the further use of the test materials as a basis for developing new training materials for financial staff. JFMIP will also explore the use of the test by agencies in developing internal tests of existing systems or when comparing the various software products. In the end the government should be able to leverage the developed test materials into other valuable products for use by agencies.

For further information, please contact Steve Balsam, email [Stephen.balsam@gsa.gov](mailto:Stephen.balsam@gsa.gov) or (202) 219-0531. 

*Continued from Previous*

Other efforts to promote shared capacity have been undertaken by the JFMIP Principals. Examples include closer integration of CFO and CIO efforts to improve financial systems and consideration of extending the scope of financial system requirements and the JFMIP staff testing and qualification process to include integration of performance and budget. On this issue, it was decided that program and budget integration needed more development. The decision was to issue the updated JFMIP *Core Financial Management Requirements* in November 2001, and proceed to redevelop the JFMIP software testing based on that document. The scope and value of JFMIP financial system requirements documents and vendor software testing will be subject to future reviews.

### Summary

The President's Management Agenda has played out in an environment where the September 11 terrorist attack exposed national threats and vulnerabilities and galvanized national attention on the role of government. National response included rapid and ongoing military and diplomatic action against the terrorist capabilities and the development of a strategic initiative articulated in the President's June 2002 proposal to establish a permanent Cabinet-level Department of Homeland Security to unite essential agencies that must work more closely together. Reprioritization of programmatic goals and resources in response to September 11 did not, however, alter the President's Management Agenda goals to achieve Federal program objectives, including new programmatic priorities, efficiently and effectively. The activism and collaborative leadership of the JFMIP Principals provides a collective driving force to communicate expectations, remove impediments, and move the financial management improvement agenda forward. □

## JFMIP Partners with CFO and CIO Councils to Update Framework for Federal Financial Management Systems

The JFMIP is partnering with the Chief Information Officers (CIO) Council's Architecture and Infrastructure; Federal Architecture Working Group; and the Chief Financial Officers (CFO) Council's E-Government/Systems Committee to update the *Framework for Federal Financial Management Systems* document. The *Framework* document describes various financial management systems and processes covered in specific JFMIP requirements documents and how they should be integrated.

Since the *Framework* document was issued in 1995, both technology and implementation practices have evolved. The goal of the update is to provide customers with current guidance for continued improvement of financial management across the federal government. A single document will be developed by JFMIP that will maintain the *Framework* document as part of the Federal Financial Management System Requirements series and at the same time align it with the Federal Enterprise Architecture. The Federal Enterprise Architecture promotes interoperability and information sharing among federal agencies.

Work efforts on this project officially began with the June 18<sup>th</sup> Framework Working Group kick-off meeting. The Working Group is co-chaired by Lee Holcomb, CIO, National Aeronautics and Space Administration and Schuyler Leshner, Deputy CFO, Department of the Interior. For more information, please contact [bruce.turner@gsa.gov](mailto:bruce.turner@gsa.gov) or phone (202) 219-0533. □

## Workshops on the President's Management Agenda

The Office of Personnel Management (OPM) in partnership with the Office of Management and Budget are sponsoring workshops on the five government-wide initiatives of the President's Management Agenda. They include:

Workshop Topic	Date	Cost
Competitive Sourcing	7/30-8/1	\$1395
Improving Financial Performance	8/26-8/27	\$ 995
Expanding Electronic Government	8/28	\$ 495

The Budget and Performance Integration Workshop was held on July 9-11, 2002.

The President's Management Agenda Overview was held on July 23-24, 2002

The Strategic Management of Human Capital was held on July 25-26, 2002

For full course descriptions and schedules, please go to [www.leadership.opm.gov](http://www.leadership.opm.gov) or call 434-980-6200.



## Financial Management Profile - Sandy Weisman

*Continued from Page 9*

Ms. Weisman pointed out that throughout her career, her experience has been that most managers are not risk takers. However, she adds that it is very hard to do compelling and novel things when the fallout for making a mistake has significant negative and personal consequences for managers.

When discussing the President's Management Agenda and improving financial performance, she stated that the USPTO already has a strong financial program but has plans to improve its financial performance. With a greater emphasis on management reforms from both Congress, the Administration, and Office of Management and Budget, Ms. Weisman believes that there is now a significant boost to resolve financial management issues that most agencies had previously ignored. This includes how fast bills are paid and how financial transactions are accounted for. There is now legislation on debt collection, prompt payment of bills, and accountability (Government Performance and Results Act). The Federal government has more than enough regulations telling agencies what to do, how to do it, and when to do it. She believes that these laws and regulations could be streamlined.

Ms. Weisman stated that the private sector is able to make changes much more rapidly than the Federal government. The private sector is better equipped to see trends and obstacles coming, and divert them before they become a problem. The private sector is also better able to obtain the funding it needs to make critical investments in technology and systems to improve performance, though she is not sure that either the public or private sector is better adept at successfully implementing technology on time and on budget. She indicated that her experience in the Federal government has been that the administrative and financial organizations have been the

last to get funds needed to implement modern accounting systems or upgraded software to improve performance, costs, and operational efficiency.

The USPTO is not experiencing problems getting qualified, multi-skilled personnel even in its financial management positions. This is a relatively young organization in the Federal government with the average age in the early 40's. The USPTO has outsourced work in the financial management arena including technical accounting work, such as account reconciliations, cost/benefit analyses, and implementing and maintaining the ABC system. The USPTO has employees to oversee the management of these contracts and allows contractors to perform many of the specialty jobs as well as the more routine financial processes. A core set of employees implement policy for activity based costing and general financial management, but the contractor makes sure that the process is consistent with the private sector. The employees and contractor work in partnership as a team to get the work done.

When asked about the most critical human resources issue facing federal agencies, she stated that part of the problem is appropriately rewarding people for the contribution they make. There is a cultural belief in the Federal government that Federal government employees should not get bonuses, or if you get the bonuses, they should not be very high or very frequent. From that standpoint, she thinks that the Federal government is not comparable in pay for some positions. Some employees receive more money than they should for the work that they do and some are underpaid. The issue is trying to establish pay based on the value to organization, versus across the board competencies. It seems to her that the value of the person's skills and work to the organization should be a factor in determining pay, not just qualification and classification standards. □

## Financial Statement Acceleration Committee Update

The Chief Financial Officer Council's Financial Statement Acceleration Committee released a draft compilation of government-wide issues that impede accelerated financial statements on June 18, 2002 for comment by the CFO Council. The Committee, chaired by Donald Hammond, Fiscal Assistant Secretary of Treasury, has been working to help agencies meet the new expedited dates for financial reporting. The primary objective of the Committee is to facilitate the more rapid reporting of agency and governmentwide financial results.

The acceleration of financial reporting supports the President's Management Agenda and is needed to provide the Executive Branch, the Congress and the public with useful and timely financial information about the operations and condition of the Federal Government. This is essential for:

- Effective oversight of government programs;
- Informed decision-making about budget priorities, and

- Increased transparency of the financial performance of the government leading to a better public understanding.

Ten impediments were identified:

- 1) Actuarial liabilities
- 2) Eliminations
- 3) FACTS I/Form and content
- 4) FACTS II
- 5) Information from outside sources in a more timely manner
- 6) GPRA reporting
- 7) OMB guidance/requirements needing modification/ changing
- 8) Credit Reform issues identified by the Federal credit agencies
- 9) Legal representation letters
- 10) Audit opinions

The list includes a more detailed summary of each issue, and identifies next steps and responsible entities needed to resolve the issue. □

## Developmental Assignments at JFMIP

*Continued from Page 4*

At FTA, Gail is responsible for all federally funded planning, project development, and environmental activities undertaken by metropolitan planning organizations, the state department of transportation, and transit operators in the State of Maryland. She also administers FTA's multi-million dollar grant program, which provides financial assistance for transit related activities in urban and rural areas. Her transit career began in 1987 at the Mass Transit Administration in Baltimore, Maryland after having spent several years developing land-use plans for counties in North and South Carolina. In 1999, she became the Senior Transportation Planner for the Delaware Valley Regional Planning Commission (DVRPC), the metropolitan planning organization for the Philadelphia region. Gail also held positions with transit authorities in Boston, Massachusetts and Newark, New Jersey. Gail graduated from Johnson C. Smith University in Charlotte, North Carolina with a Bachelor of Arts degree in Urban Studies and Community Affairs. She earned a Master of Community and Regional Planning degree at Iowa State University in Ames, Iowa. A professional Planner, she is certified by the American Institute of Certified Planners.



*Gail McFadden-Roberts*

**Harvey Wong** is a team leader at the Office of Industrial Technologies (OIT), Energy Efficiency & Renewable Energy Office at the U. S. Department of Energy. He is responsible for the planning and coordination of OIT's metal casting research activities which totals \$12 million per year in combined public and private finds. He also serves as the Department's point of contact with senior executives from the U. S. metal casting industry and its trade and professional organizations. Prior to joining the Energy Department, Harvey was a project engineer at the Naval Surface Warfare Center (NSWC) of the U. S. Navy. He was responsible for the design and commissioning and technical service of chemical

process operations needed to support the Navy's energetic chemical manufacturing facilities at Indian Head, Maryland. Harvey graduated from the University of Delaware with a Bachelor of Science in chemical engineering, and has a Master Degree in Engineering Management from the George Washington University. Harvey is a registered Professional Engineer in the State of Maryland. He began his 60-day developmental assignment at JFMIP as an EPP participant in June. He is working on the Federal financial management human capital study that will recommend strategies for the Federal financial management workforce to meet future needs of the Federal government.



*Harvey Wong*

**Lloyd Butler** is an Information Technology (IT) Auditor with the Environmental Protection Agency's Office of the Inspector General (OIG). He began his Federal career with OIG as an auditor. He has served as the OIG's Local Area Network (LAN) Administrator and more recently has been an Oracle Application Administrator for the Inspector General's Operations and Reporting System. Mr. Butler served on this system development team. Prior to his Federal service, Lloyd began his professional career with a local certified public accountant firm, and worked in the accounting department of Ryder Truck Rental and two law firms. He holds a Bachelor of Science degree from Strayer College and is a graduate of Computer Learning Center. He is an alumni of Bowie State University, where he participated in studies pursuit to a Masters degree in Management Information Systems.

Lloyd started his Executive Potential Program two-month developmental assignment with the JFMIP on July 15. He will be working on the core financial system testing and qualification process. □

## OMB Launched Newly Designed Web Site To Bring the U.S. Government Closer to Citizens

The Office of Management and Budget (OMB) unveiled its new web site on July 1<sup>st</sup>, 2002 as part of an integral effort to bring the U.S. government closer to citizens. The Web site can be found at [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb) or [www.omb.gov](http://www.omb.gov). It can also be reached through the government portal [www.firstgov.gov](http://www.firstgov.gov). "Americans deserve better information about how their tax dollars are being spent, or misspent, and the government can benefit from the citizen feedback and ideas for greater efficiency that this new site will make possible," said OMB Director Mitchell E. Daniels, Jr.

The OMB Web site offers a completely revamped, interactive homepage to make navigation easy and to obtain information within

three clicks of a mouse. Modeled after the White House Web site, the uniform format and the reorganization of the OMB site provide user-friendly access for citizens, charitable organizations, non-profits, businesses and government agencies.

The homepage features an interactive section called "The Wastebasket," where visitors can suggest examples of mismanagement and abuse that cost U.S. taxpayers. The "Feedback and Forth" area profiles current OMB issues and enables the public to direct their opinions to OMB officials. Other highlights include "This Week at OMB" that headlines current news and information, rotating graphics and charts, and a more robust search engine.

The OMB Web site allows for continuity among federal government Web sites with official links to the White House homepage and FirstGov.gov. The OMB Web site will continue to be the home for official Statements of Administration Policy (SAP's), news releases and comprehensive information about the federal budget. □

## Acquisition/Financial Systems Interface Requirements Unveiled

The JFMIP *Acquisition/Financial Systems Interface Requirements* document JFMIP-SR-02-02, dated June 2002, is now available on the website <http://www.JFMIP.gov>. The document brings together in one place the common information requirements necessary in systems to support acquisition and financial management processes for all Federal agencies.

This publication caps an 18 month effort involving over 60 senior level acquisition and financial professionals from across the Federal government who came together in a partnership to identify the information requirements that both communities require in their systems to successfully support their operations. The document was prepared in support of the Strategic Plans of the Procurement Executives Council (PEC) and Chief Financial Officers (CFO) Council, and the legislative mandates of the 1990s to improve financial management systems.

The project was formally chartered by the PEC and JFMIP, and was led by W. R. (Russ) Ashworth, the Senior Procurement Executive for the U.S. Department of Agriculture. Two large teams of acquisition and financial professionals, representing nearly every large Federal agency, were co-led by four senior level acquisition and financial managers: Carol Covey, Department of Defense; Lee Lofthus, Department of Justice; Rhea Riso, Department of Housing and Urban Development; and Barbara Diering, Office of Management and Budget. Issuance of the document demonstrates the commitment of the Federal financial and acquisition communities to work together to improve systems.

The document provides a common reference to support Federal agency efforts to improve financial management and acquisition systems and to comply with FFMIA and other relevant statutes and regulations including Federal Acquisition Regulation. It is of particular value to systems analysts; systems accountants; system auditors and others who design develop, implement, maintain, and oversee systems. It provides strategic information to commercial partners who want to offer capabilities that meet Federal requirements.

For more information, please contact Dennis Mitchell by email [dennis.Mitchell@gsa.gov](mailto:dennis.Mitchell@gsa.gov) or (202) 219-0529.

### **Treasury 2002 Year-End Closing Seminar**

**August 12, 2002  
Bethesda Hyatt Regency**

**Registration:**  
<http://www.fms.treas.gov/tas/yendrevform.html>

## Review of Interim Financial Statements

As part of a government-wide effort to improve financial management and accountability in the Federal Government, the Office of Management and Budget (OMB) requested all 24 CFO Act agencies to submit interim financial statements for the first time this year. These interim reports were for the six-month period ending 3/31/2002 and contained Balance Sheets, Statements of Net Cost, and Statements of Budgetary Resources, but footnotes and an audit were not required. The purpose of the reports was to encourage agencies to develop reliable techniques for estimating amounts and balances. This will help them in the future because they will need to use estimates to meet accelerated deadlines and expanded reporting requirements beginning next year. OMB is pleased that all agencies met the May 31 deadline, and moreover that several exceeded the requirements by including Statements of Finance, Changes in Net Position, and thorough footnotes.

Some agencies also offered feedback on the interim reporting process, indicating that doing the reports was very useful to them. The reports helped them identify significant reporting problems, such as abnormal balances, earlier in the year. Early detection enables them to address the problems and correct them for yearend financial statements. Agencies also used the reports as an opportunity to make structural improvements and try new things. A few examples given by agencies included: moving to web-based application to improve user access to financial statements reporting systems; developing checks to analyze data and make comparisons between reporting entities; and adopting stricter policies for researching and resolving disbursement transactions and for reconciling the fund balance with the Treasury. Plus, the reports allowed all agencies to become more familiar with new financial statement formats.

There was confusion, however, about using estimates versus actual yearend figures for the reports. This is not a problem, though, because agencies will soon be making estimates for the accelerated due dates next year, so doing interim reports gave them a head-start using estimation techniques. Agencies also can swiftly evaluate their new, trial techniques by comparing estimates with yearend data.

OMB is very happy with this experiment, given that the interim reports and the reporting process were so useful to the agencies. Joe Kull, Deputy Controller of the Office of Financial Management, OMB, called the reports "a successful step in the general evolution to make agency financial information more reliable and available on a real time basis to inform and affect day-to-day decisions."



# DCAA Recruiting Success Story

*Continued from Page 8*

development and use of a concise nine-part experience and education questionnaire in lieu of the prior 150-question application supplement. DCAA shifted their recruiting strategy to focus on scheduled campus visits and on-site recruiting rather than open career fairs. Letters marketing DCAA employment opportunities were sent to Chairs of Accounting and Business departments at more than 150 colleges and universities throughout the United States and Puerto Rico. DCAA recruitment is accomplished by a select, diverse group of professional auditors, in cooperation with Regional human resources personnel. Recruiters receive an initial 8 hours of classroom training focusing on general recruitment methods and techniques, the application process, and DCAA recruitment philosophy and practices, augmented by specific training provided by their individual Regional HR offices. Recruiters interview applicants on-site, and assist them with the on-line or paper application process. The hiring process has been streamlined by vesting recruiters with the ability to recommend hiring of an applicant without a subsequent interview. Recruiter reports are shared with all regions so that applicants may be considered for multiple geographic locations. Candidates considered for appointment through the Federal career intern program are frequently offered employment within 24-hours following receipt of their application and interview by Agency recruiters.

DCAA ensures that recruitment efforts encompass their goal of achieving an inclusive workforce by actively partnering with the Hispanic Association of Colleges and Universities (HACU), Historically Black Colleges and Universities (HBCUs), and a variety of veteran's organizations and vocational rehabilitation organizations. DCAA has an active recruiting effort with a number of colleges in Puerto Rico. From 1999 through the 2<sup>nd</sup> quarter FY02, DCAA has hired 810 entry-level auditors, with an approximate minority representation of 40%.

Office automation and the use of technology have helped their recruiting efforts. Today's recruits are more computer savvy. One of DCAA's technology goals is to replace 1/3 of their computers every 3 years. DCAA also has a mentoring program, which has been particularly helpful for employees relocating to new geographic areas such as those coming from Puerto Rico. By investing in its people, DCAA has gained a competitive edge in its recruitment efforts.

**Career Development Program:** DCAA employees benefit from structured training and development at all stages of their career, designed to foster a stimulating work environment that is supportive of professional growth. Attainment of professional certifications and advanced degrees (e.g. CPA, CIA, MBA, MPA) is one of DCAA's strategic objectives, and DCAA provides reimbursement for CPA coaching courses and job-related coursework in attainment of this objective.

**Entry-Level Auditor Development:** The agency provides substantial continuing education to its auditors, ensuring that they obtain the skills and knowledge necessary to perform complex contract audits. New auditors receive up to 300 hours of Continuing Professional Education training during their first two-years, and an average of 60 hours per year thereafter, to include specialized training provided through the Defense Contract Audit Institute (DCAI) located in Memphis, Tennessee. Entry-level auditors are hired into positions having non-competitive promotion potential to the GS-12 level.

**Director's Fellowship Program:** The DCAA Senior Executive Service cadre, and a large number of personnel at the GS-15 level are graduates of the Director's Fellowship Program. Graduates of the 18-month program receive a Masters Degree in Public Administration from Central Michigan University. DCAA typically starts a new class every three years, and each class consists of 25 people. Classes are held at Central Michigan University and DCAI, and normally consist of 3-4 weeks of on-site classes augmented by self-study and special projects. Selection for the program is through a competitive nomination process that factors in years of experience, professional activities, certifications, and advanced degrees.

**Use of Strategic Rewards:** The Defense Contract Audit Agency (DCAA) uses a variety of incentives to attract and retain skilled employees. Recruitment bonuses as high as 25% have been offered to new hires in geographic areas for which difficulties in recruitment have been demonstrated, such as Dallas, Boston, California, and Northern Virginia. DCAA managers have the option to use retention bonuses and student loan repayments as needed, but to date, have not had the need to do so. Authority for agencies to effect payment for licenses and certifications was recently granted by the Department of Defense, which will be implemented by DCAA upon issuance of Agency guidance. DCAA has petitioned OPM for a special salary rate for the GS- 511 occupational series in the San Francisco, CA, area.

DCAA recognizes employees with a cash award for attainment of professional certifications and advanced degrees, and participation in professional activities is one of the factors considered in advancement above the GS-13 level. In FY 2001, DCAA had a workforce of 3,988, 85% of which were professional auditors. Of that number, 99% had college degrees, approximately 20% held advanced degrees, and almost 30% of auditors were licensed CPAs.

The DCAA Career Development Board has oversight for selection of personnel for positions at the GS-14 level and above. DCAA maintains an automated promotion system which provides managers with a list of internal candidates who have been rated based on a variety of factors including work experience and possession of CPA certification and advanced degrees. □

## OMB and OPM Launch New Virtual E-Training Web Site for Federal Employees


The Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) launched a new virtual e-training web site, The Gov Online Learning Center on July 23, 2002. This web site provides federal employees with access to online job training and professional information and is accessible at [www.golearn.gov](http://www.golearn.gov).

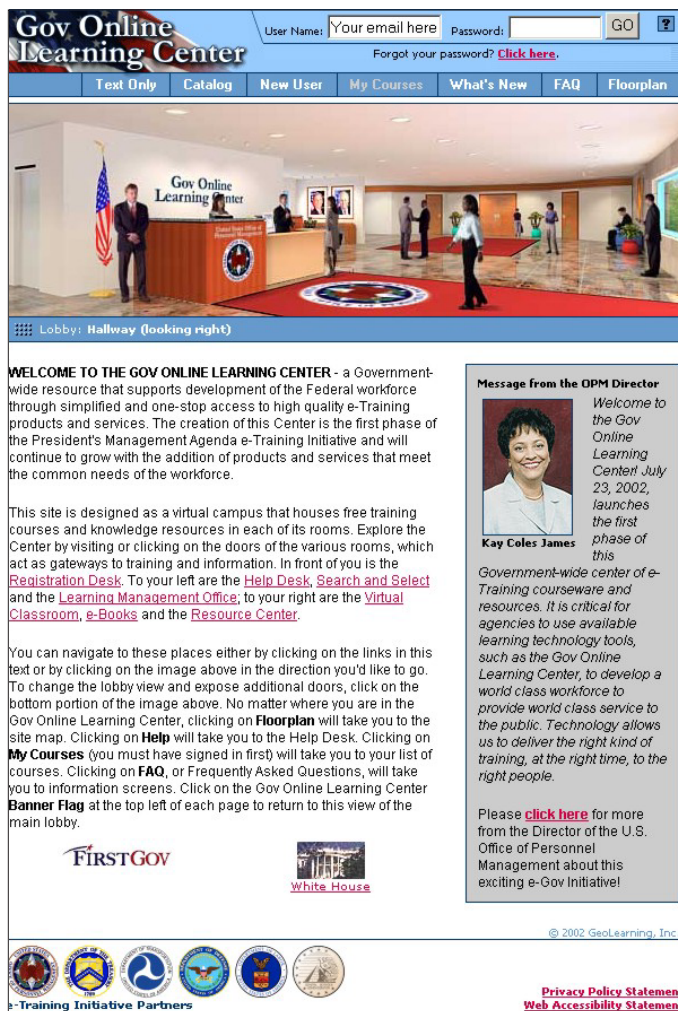
Mark Forman, Associate Director for Information Technology and E-Government, said "The Government On-Line Learning Center is an essential tool for fulfilling government employee needs and addressing the President's Management Agenda for both human capital and E-government. This virtual resource delivers the tools for federal employees to improve their knowledge and professional skills that will help them to better serve citizens."

A one-stop source, The Gov Online Learning Center, provides federal employees the tools to improve their knowledge base and professional skills, and unifies training across federal agencies to increase government consolidation and efficiency. All federal employees now have the opportunity to enroll in the same online courses, e.g., "Change Management" Adapting to Change" or "Advancing Your Service Expertise: Customer Service."

Through a 3-D virtual learning center, [www.golearn.gov](http://www.golearn.gov) connects federal employees to over 30 course programs, access to more than 50 electronic books and a resource center linking to libraries nationwide, reference guides and other training and development sites. One virtual room, The Learning Management Office, enables agency supervisors to review the course enrollment, status and completion of their employees.

Other highlights of the Web Site include a "Search and Select" option, a secure user name and password, and a 24-hour help desk. E-training, aided by this user-friendly site, assists in processes to increase retention, improve performance and heighten worker satisfaction.

The President's E-Government Strategy, released by OMB and guided by the President's Management Council, has identified 24 E-Government Initiatives to integrate agency operations and information technology investments. For more information, please contact OMB Communications at (202) 395-7254. 



**Gov Online Learning Center**

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**Lobby: Hallway (looking right)**

**WELCOME TO THE GOV ONLINE LEARNING CENTER** - a Government-wide resource that supports development of the Federal workforce through simplified and one-stop access to high quality e-Training products and services. The creation of this Center is the first phase of the President's Management Agenda e-Training Initiative and will continue to grow with the addition of products and services that meet the common needs of the workforce.

This site is designed as a virtual campus that houses free training courses and knowledge resources in each of its rooms. Explore the Center by visiting or clicking on the doors of the various rooms, which act as gateways to training and information. In front of you is the [Registration Desk](#). To your left are the [Help Desk](#), [Search and Select](#) and the [Learning Management Office](#); to your right are the [Virtual Classroom](#), [e-Books](#) and the [Resource Center](#).

You can navigate to these places either by clicking on the links in this text or by clicking on the image above in the direction you'd like to go. To change the lobby view and expose additional doors, click on the bottom portion of the image above. No matter where you are in the Gov Online Learning Center, clicking on [Floorplan](#) will take you to the site map. Clicking on [Help](#) will take you to the Help Desk. Clicking on [My Courses](#) (you must have signed in first) will take you to your list of courses. Clicking on [FAQ](#), or Frequently Asked Questions, will take you to information screens. Click on the Gov Online Learning Center [Banner Flag](#) at the top left of each page to return to this view of the main lobby.

**Message from the OPM Director**

**Kay Coles James**

Welcome to the Gov Online Learning Center! July 23, 2002, launches the first phase of this Government-wide center of e-Training courseware and resources. It is critical for agencies to use available learning technology tools, such as the Gov Online Learning Center, to develop a world class workforce to provide world class service to the public. Technology allows us to deliver the right kind of training, at the right time, to the right people.

Please [click here](#) for more from the Director of the U.S. Office of Personnel Management about this exciting E-gov Initiative!

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## Eight Federal Agencies Will Receive Recognition for Excellence in Accountability Reporting

The Association of Government Accountants (AGA) recently released the names of the agencies that will receive the Certificates of Excellence in Accountability Reporting (CEAR) for 2001 reports. The awards will be presented in September at the Library of Congress. The agencies receiving the awards are:

- Department of Energy
- Department of the Interior
- Department of Labor
- Department of State
- General Accounting Office
- National Science Foundation

Nuclear Regulatory Commission  
Social Security Administration.

In 1997, the U.S. Office of Management and Budget and the Chief Financial Officers (CFO) Council requested that a certificate program be established to encourage and recognize excellence in accountability reports. The CFO Council and AGA developed the program. AGA is a professional association devoted to meeting the continuing professional education needs of financial managers at all levels of government, the private sector and academia. For more information on the CEAR program, go to the AGA website, [www.agacgm.org](http://www.agacgm.org). 

## Treasury Agency Services' 12th Annual Government Financial Management Conference

*Theme: Managing Information for Financial Results*



The management of financial information plays a strategic role within the federal government. Effective financial management is key to successful planning and management of programs at all levels. In today's environment, technology allows us to gather information to assess financial management issues and to improve financial operations. The future promises streamlined tools for reporting; advanced technology that provides faster access to better information; new opportunities to build a skilled workforce; and stronger partnerships across government working together to achieve these goals.

This conference is an excellent forum for federal managers and anyone in various financial management areas to learn the latest in financial developments, improvements and achievements in such areas as accounting operations, financial systems, budgeting and technology. The conference offers a broad spectrum of educational opportunities through a variety of sessions - from basic accounting/reporting to leadership perspectives on financial issues and management. This conference is an outstanding opportunity for financial managers and leaders to network with colleagues across government to exchange best practices ideas and share solutions to mutual problems.

### Keynote Speakers:

- Donald Hammond, Fiscal Assistant Secretary
- Mark Everson, Controller, OMB
- Donald LaVoy, Special Advisor to the Assistant Secretary, HUD
- John Vranesvich, CEO, Antionline.com
- Clay Johnson, Executive Assistant, White House

There are over 90 sessions in the areas of accounting, reporting, technology, budgeting and personal development

### Information:

**WHEN:** August 13-15, 2002

**WHERE:** Hyatt Regency Bethesda, MD

**REGISTRATION:** Online at

<http://www.fms.treas.gov/tas/confrevform.html>  
or call 202-874-9560

**COST:** \$662.00

**CREDITS:** up to 24  
CPE Credits

## JFMIP Plans to Distribute Documents Electronically

JFMIP is planning to adopt a more efficient way to communicate our products to the financial management community. We plan to establish an electronic mail distribution list to notify those currently receiving JFMIP documents, including exposure drafts, final documents, newsletters, and white papers. Documents are currently posted on our website, [www.jfmip.gov](http://www.jfmip.gov) at least 2-4 weeks before the hard copy of documents are issued. With most of our products containing time-sensitive materials (defined comment periods), we believe that the exclusive use of electronic media will allow us to focus our efforts on getting the widest and timeliest dissemination of products and the broadest response base. We are planning to discontinue our routine mailings and will establish a target date in the next several months to accomplish the change.

JFMIP will contact those on our mailing list to find out what their email addresses are and what JFMIP products they are most interested in. If you have electronic access, please e-mail this information to [jamesg.dean@gsa.gov](mailto:jamesg.dean@gsa.gov). If you do not have electronic access, please send your comments to us by fax at (202) 219-0549:

JFMIP  
Attn: Gordon Dean  
1990 K Street NW  
Suite 430  
Washington, DC 20006

### Electronic Mailing List Subscription Information

The JFMIP mailing list will be a 'send only' list used to distribute information about JFMIP documents, open houses or meetings, and conferences to interested parties. Messages will be sent to distribute newsletters, announce publications, conferences, open house forums and meetings on a timely basis.

We will be contacting you shortly, when this electronic mailing list is established.





# Mark Your Calendar



## March 11, 2003 JFMIP 32nd Annual Financial Management Conference

More Details  
Coming Soon!

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The JFMIP News is published quarterly by the Joint Financial Management Improvement Program. The purpose of the newsletter is to promote sharing and dissemination of current financial management information, activities and practices.

Suggestions and article submissions are encouraged and may be sent to JFMIP NEWS - email doris.chew@gsa.gov, fax 202/219-0549.

Website

[www.JFMIP.gov](http://www.JFMIP.gov)

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JFMIP Plan  
to Transition  
to Electronic  
Publications  
see Page 21  
for Details



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